



0000008959

July 10, 1996
Overnight

210 N. Park Ave.
P.O. Drawer 200
Winter Park, FL

32790-0200

Tel: 407-740-8575

Fax: 407-740-0613

Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

U-3226-96-388

Re: Application for Certificate of Convenience and
Necessity to Provide Competitive Intrastate
Telecommunications Services as a Reseller - National
Accounts Inc.

Dear Sir/Madam:

Enclosed for filing are the original and ten (10) copies of
the initial application and proposed tariff of National
Accounts Inc.

Please acknowledge receipt of this filing by date stamping
the extra copy of this cover letter and returning it in the
self-addressed, stamped envelope enclosed for this purpose.

Questions regarding this filing may be directed to me at
(407) 740-8575.

Yours truly,

Thomas M. Forte
Consultant to
National Accounts Inc.

Arizona Corporation Commission

DOCKETED

JUL 15 1996

Enclosure

DOCKETED BY	
-------------	--

cc: R. Dubnoff - NAI
file: NAI - AZ
TMX# AZ96000

DOCUMENT CONTROL

JUL 15 4 12 PM '96

RECEIVED
AZ CORP COMMISSION

RENZ D. JENNINGS
CHAIRMAN

MARCIA WEEKS
COMMISSIONER

CARL J. KUNASEK
COMMISSIONER



JAMES MATTHEWS
EXECUTIVE SECRETARY

ARIZONA CORPORATION COMMISSION

July 15, 1996

Thomas M. Forte, Consultant
Technologies Management Inc.
210 North Park Avenue
P. O. Drawer 200
Winter Park, Florida 32790-0200

RE: NATIONAL ACCOUNTS INC.

This letter will acknowledge receipt of your application for a Certificate of Convenience and Necessity to provide Competitive Intrastate Telecommunications services as a reseller in Arizona. We have assigned Docket No. U-3226-96-388 to your application. Please refer to this number when filing any additional information.

After the Utilities Division Staff has completed their review of your application, you will be notified of the date, time and place of hearing, if a hearing is required.

If you have any questions, you may contact me at (602) 542-3477.

Sincerely,

A handwritten signature in cursive script that reads "Carmen Madrid".

Carmen Madrid
Administrative Assistant II
Docket Control Center

cc: Richard Dubnoff

ARIZONA CORPORATION COMMISSION

Application for Certificate of Convenience and Necessity to Provide
Competitive Intrastate Telecommunications Services as a Reseller

Mail Original plus 10 copies of completed application to:

Docket Control Center
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, Arizona 85007

If you have current applications pending in Arizona for
provision of reseller, AOS or other telecommunications
services, please identify:

Type of Service:

Docket No:

Type of Service:

Docket No:

Docket No. U-3226-96-388

Date Docketed _____

DOCUMENT CONTROL

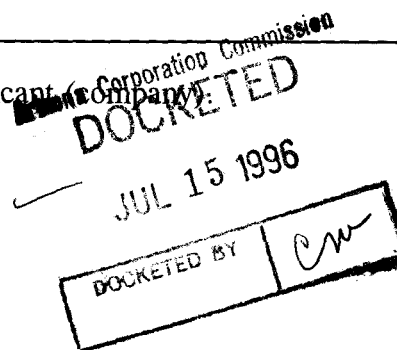
JUL 15 4 13 PM '96

RECEIVED
AZ CORP COMMISSION

A - COMPANY AND TELECOMMUNICATIONS SERVICE INFORMATION

A-1 The name, address, and telephone number of the applicant (company):

National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054
Telephone: (201)331-9232
Facsimile: (201)331-9220
Toll Free: (800) 235-3530



A-2 If doing business (dba) under a name other than the applicant (company) name listed
above, specify:

not applicable

A-3 The name, address, telephone number, and facsimile number of the management contact:

Mr. Richard Dubnoff
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054
Telephone: (201) 331-9232
Facsimile: (201) 331-9220

A-4 The name, address, and telephone of the attorney, if any, representing the applicant:

None.

A-5 What type of legal entity is the applicant?

☐ Sole proprietorship

☐ Partnership: ____ limited, ____ general, ____ Arizona, ____ Foreign

☐ Limited liability company

☒ Corporation: ____ "S", ____ "C", ____ non-profit, ____ Arizona, ✓ Foreign

☐ Other, specify:

A-6 Include "Attachment A." Attachment A must list names of all owners, partners, limited liability company managers, or corporation officers and directors (specify), and indicate percentages of ownership.

A-7 1. Is your company currently providing telecommunication service in Arizona? YES

2. If "yes", identify the types of telecommunications services provided; whether operator services are provided and whether they are provided to traffic aggregators (as defined in A.A.C. R14-2-1001(3)); the number of customers in Arizona for each type of service; and the total number of intrastate minutes resold in the latest 12 month period for which data are available.

NAI provides MTS and Travel Card Service. The approximate number of NAI customers in Arizona are 1,000. NAI's intrastate revenue for calendar year 1995 is approximately \$28,000.00.

3. If "no", when does your company plan to begin providing service in Arizona?

N/A

A-8 Include "Attachment B." Attachment B must include copies of all proposed rates and tariffs for each service to be provided that state the maximum rate as well as the price to be charged, and that also state other terms and conditions, including deposits, that will apply to provision of the service(s) by the telecommunication company. The Commission provides pricing flexibility by allowing competitive telecommunications service companies to price their services at levels equal to or below the maximum rates

A-9 The geographic market to be served is:

☒ statewide.

☐ other, describe and provide a map depicting the area.

A-10 List the states in which you currently provide the services similar to those you intend to provide in Arizona.

Please refer to Attachment "E".

A-11 Describe your complaint processing procedures.

Customers may contact National Accounts Inc. via a toll-free "800" number for complaints and inquiries (800-235-3530). Hours of operation for National Accounts Inc. America's customer service department are from 8:00 AM to 8:00 PM Eastern Standard Time, Monday through Friday; and 8:30 AM to 5:00 PM Saturday. Calls made to the customer service number during "off hours" go to a live National Accounts Inc. operator who answers "National Accounts Inc. After Hours Operator." The operator takes the inquiry and answers the question.

If the operator can not answer the question, then the operator records the customer name, telephone number, time of call and the customer's inquiry. The customer is advised that a Customer Service Specialist will call back the next business day. The record of the customer inquiries requiring call backs is sent to the service department daily and the service specialists return the customer calls the next business day. In those circumstances where the customer requires an immediate response, the operator pages the Customer Service supervisor and the customer's question is forwarded immediately for resolution and a call back to the customer, if required.

A-12 Provide a list of states in which you have sought to offer telecommunications services, but in which the state regulatory commission granted your application with major changes and conditions, or did not grant your application for those services. For each state listed, provide a copy of the commission's decision modifying or denying your application for authority to provide telecommunications services.

None.

A-13 Has the company been granted authority to provide telecommunications services in any state where subsequently the authority was revoked? If "yes", provide copies of the state regulatory commission's decision revoking its authority.

No.

A-14 Has the company been or is the company currently involved in any formal complaint proceeding before any state or federal regulatory commission? If "yes", in which states is the company involved in proceedings, and what is the substance of these complaints. Also, provide copies of commission orders that have resolved any of these complaints.

No. ✓

A-15 Has the applicant been involved in any civil or criminal investigations related to the delivery of telecommunications services within the last five years? If "yes", in which states has the applicant been involved in investigations, and why is the applicant being investigated?

No. ✓

A-16 Has the applicant been convicted of any civil or criminal acts related to the delivery of telecommunications services within the last five years? If "yes", list the states where convictions occurred, and provide a copy of the court order of the convictions. ✓

No.

B - TECHNICAL INFORMATION

B-1 Resellers should include "Attachment C." Attachment C should provide the following information:

1. A diagram of the applicant's basic call network used to complete Arizona intrastate telecommunications traffic. This diagram should show how a typical call is routed in both its originating and terminating ends (i.e. show the access network and call completion network). Also include on the diagram the underlying carrier(s) for each major network component and indicate if the carrier is facilities-based or not. ✓

2. Indicate who owns the facilities (within the State of Arizona) that are used to originate and terminate the applicant's intrastate telecommunications traffic (i.e. provide a list of the Arizona facilities-based long distance carriers whose facilities are used to complete the applicant's intrastate traffic).

B-2 Describe those actions that your customers will have to take to make a telephone call if your system goes down. ✓

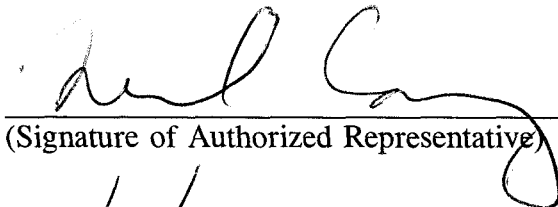
In the event that National Accounts Inc.'s underlying interexchange carrier is unable to complete a call, customers may place calls using another interexchange carrier by dialing an access code (i.e. 10XXX, 950 or 800 access number) to reach that carrier.

C - FINANCIAL INFORMATION

C-1 Include "Attachment D." Attachment D should provide copies of the following audited financial information for the most recent two years for all Arizona operations. Check boxes indicating items attached.

- ☐ current intrastate balance sheet
- ☐ current intrastate income statement
- ☐ current intrastate cash flow statement
- ☒ other financial information evidencing financial resources.

I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission, and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations related to the regulation of telecommunications services and that the company will abide by Arizona State law including the Arizona Corporation Commission Rules and Regulations. I certify that to the best of my knowledge the information provided in this application is true and correct.



(Signature of Authorized Representative)

7/5/96

(Date)


Neil Lang

(Printed Name of Authorized Representative)

President

(Title)

SUBSCRIBED AND SWORN to before me this 8 day of July, 1996



NOTARY PUBLIC

BETH FRIEDMAN
NOTARY PUBLIC OF NEW JERSEY
MY COMMISSION EXPIRES MARCH 24, 1999

My Commission Expires _____

ATTACHMENT A

National Accounts Inc.

CORPORATE OFFICERS/DIRECTORS/STOCKHOLDERS

The following individuals serve as officers and directors of National Accounts Inc. and may be reached through the company's corporate headquarters at 119 Cherry Hill Road, Parsippany, New Jersey 07054.

Officers: Neil Lang, President
 Richard Dubnoff, Vice President

Directors: Neil Lang
 Richard Dubnoff

ATTACHMENT B

National Accounts Inc.

PROPOSED TARIFF

TITLE SHEET

ARIZONA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the resale of telecommunications services provided by National Accounts, Inc. ("NAI"), with principal offices at 119 Cherry Hill Road, Parsippany, New Jersey 07054, toll free telephone number (800) 235-3530. This tariff applies for services furnished within the State of Arizona. This tariff is on file with the Arizona Corporation Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

CHECK SHEET

The Pages of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets are named below and comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) - To Signify Changed Regulation
- (D) - Delete or Discontinue
- (I) - Change Resulting in an Increase to a Customer's Bill
- (M) - Moved From Another Tariff Location
- (N) - New
- (R) - Change Resulting in a Reduction to a Customer's Bill
- (T) - Change in Text or Regulation But No Change in Rate or Charge

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

TARIFF FORMAT

Sheet Numbering - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

Sheet Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the AZ C.C.. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14.

Paragraph Numbering Sequence - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

- 2.
- 2.1.
- 2.1.1.
- 2.1.1.A.
- 2.1.1.A.1.
- 2.1.1.A.1.(a).
- 2.1.1.A.1.(a).I.
- 2.1.1.A.1.(a).I.(i).
- 2.1.1.A.1.(a).I.(i).(1).

Check Sheets - When a tariff filing is made with the AZ C.C., an updated check sheet accompanies the tariff filing. The check sheet lists the sheet contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages).

Issued:**Effective:**

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the Customer's telephone to a NAI designated switching center or point of presence.

Authorized User - A person, firm, corporation, or any other entity authorized by the Customer to utilize the Carrier's service.

Authorization Code - A pre-defined series of numbers to be dialed by the Customer or Authorized User upon access to the Carrier's Travel Card Service network to identify the caller and validate the caller's authorization to use the services provided.

AZ C.C. - Arizona Corporation Commission.

Company or Carrier - National Accounts, Inc. unless otherwise clearly indicated by the context.

Customer - The person, firm, corporation or other entity which orders, cancels, amends or uses service and is responsible for payment of charges and compliance with the Company's tariff.

Dedicated Access Origination/Termination - Where access between the customer and the interexchange carrier is provided on dedicated circuits. The cost of these dedicated circuits is billed by the access provider directly to the Customer.

Equal Access - Where the local exchange company central office provides interconnection to interexchange carriers with Feature Group D circuits. In such end offices, customers presubscribe their telephone line(s) to their preferred interLATA carrier.

LEC - Local Exchange Company.

NAI - Used throughout this tariff to refer to National Accounts, Inc.

Serving Wire Center - A specified geographic point from which the vertical and horizontal coordinate is used in calculation of airline mileage.

Issued: Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS (Con'd)

Switched Access Origination/Termination - Where access between the customer and the interexchange carrier is provided on local exchange company Feature Group circuits and the connection to the customer is a LEC-provided business or residential access line. The cost of switched Feature Group access is billed to the interexchange carrier.

Travel Card Call - A service whereby the Customer or Authorized User dials all of the digits necessary to route and bill a call placed from a location other than his/her residence or normal place of business. Service is accessed via a "1-800" or other access code dialing sequence.

V & H Coordinates - Geographic points which define the originating and terminating points of a call in mathematical terms so that the airline mileage of the call may be determined. Call mileage may be used for the purposed of rating calls.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of National Accounts, Inc.

NAI provides resold intrastate long distance telephone service available within the State of Arizona under the terms of this tariff.

NAI maintains the communication services provided hereinunder in accordance with the terms and conditions set forth under this tariff. The customer shall be responsible for all charges due for such service arrangement.

The Company's services are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

2.2 Limitations

2.2.1 Service is offered subject to the provisions of this tariff.

2.2.2 NAI reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control; or when the customer is using service in violation of the law or the provisions of this tariff.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.3 Liabilities of The Company

- 2.3.1 NAI's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in the transmission occurring in the course of furnishing service, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.
- 2.3.2 NAI shall be indemnified and held harmless by the customer against:
- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted by means of the Company's services.
 - (B) All other claims arising out of any act or omission of the customer in connection with any service provided by NAI.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.4 Credit Allowances for Interruption of Service

Credit allowances for interruption of service are limited to the initial period minimum charges incurred for re-establishing the interrupted call.

2.5 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.6 Deposits and Credit Checks

The company may check the credit history of prospective customers using standard credit-check methods. Deposits for service are not required.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.7 Advance Payments

At this time, NAI does not collect advance payments.

2.8 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates. Customer shall be responsible for any applicable taxes.

2.9 Customer Complaints and/or Billing Disputes

Customers have the right to refer billing disputes and any other complaints to National Accounts, Inc. at 119 Cherry Hill Road, Parsippany, New Jersey, 07054. Our Customer Service department can be reached by dialing 1-800-235-3530 (toll free).

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)**2.10 Cancellation of Service by Carrier**

Without incurring liability, the Carrier may immediately discontinue or cancel service:

2.10.1 Service may be disconnected without advance written notice under the following conditions:

- (A) the existence of an obvious hazard to the safety or health of the consumer of the general population or the Company's personnel or facilities;
- (B) the Company has evidence of tampering or the evidence of fraud.

2.10.2 Service may be disconnected provided that the Company has provided five days' written notice as established by the AZ C.C. under the following conditions:

- (A) Customer violation of any of the utility's tariffs filed with the Commission and/or violation of the Commission's rules and regulations.
- (B) Failure of the Customer to pay a bill for service.
- (C) Failure to meet or maintain the Company's credit and deposit requirements (if any).
- (D) Failure of the Customer to provide the utility reasonable access to its equipment and property.
- (E) Customer breach of contract for service between the Company and Customer
- (F) When necessary for the Company to comply with an order of any governmental agency having such jurisdiction.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 2 - RULES AND REGULATIONS, (CONT'D.)

2.11 Billing for Service

Itemized bills will be distributed to the customers on a monthly cycle.

Bills include the date of billing. The "date rendered" shall be the mailing date. Bills for service are considered delinquent 15 days after the bill is rendered. Failure to receive bills or notices which have been properly placed in the U.S. Mail shall not prevent such bills from becoming delinquent nor relieve the Customer of his or her payment obligations.

A late payment charge of 1.5% of the delinquent charges per month applies.

2.12 Installations and Connections

There are no installation or connection charges required to initiate service with the Company.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

TABLE OF CONTENTS

Title Page	1
Symbols	4
Tariff Format	5
Table of Contents	2
Check Sheet	3
Section 1 - Technical Terms and Abbreviations	6
Section 2 - Rules and Regulations	8
Section 3 - Description of Service & Rates	14
Section 4 - Promotions.	21
Section 5 - Current Rates	22

Issued:	Effective:
---------	------------

Issued by:	Neil W. Lang, President National Accounts Inc. 119 Cherry Hill Road Parsippany, New Jersey 07054
------------	---

SECTION 3 - DESCRIPTION OF SERVICE & RATES

3.1 Timing and Rounding of Calls

- 3.1.1 Long distance charges are based on the duration of each call.
- 3.1.2 Usage measurement and rounding increments for billing purposes is specified on a per-product basis as defined in this Tariff.
- 3.1.3 The Company will not bill for unanswered calls. When an End User indicates that he/she was billed for an incomplete call, NAI will reasonably issue credit for the call.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 3 - DESCRIPTION OF SERVICE & RATES, (CONT'D.)**3.2 Rate Periods and Holidays**

For time-of-day sensitive services, the following rate periods apply:

	MON	TUES	WED	THUR	FRI	SAT	SUN
8:00 AM TO 5:00 PM*	DAYTIME RATE PERIOD					EVE	
5:00 PM TO 11:00 PM	EVENING RATE PERIOD						
11:00 PM* TO 8:00 AM	NIGHT/WEEKEND RATE PERIOD						

* to, but not including

Calls are billed based on the rate in effect for the actual time period(s) during which the call occurs. Calls that cross rate period boundaries are billed the rates in effect in that boundary for each portion of the call, based on the time of day at the Customer location.

For services subject to holiday discounts, the Evening Rate Period rates apply on the following Company recognized holidays, unless a lower rate would normally apply:

New Year's Day	January 1
Independence Day	July 4
Labor Day	As Federally Observed
Thanksgiving Day	As Federally Observed
Christmas Day	December 25

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

SECTION 3 - DESCRIPTION OF SERVICE & RATES, (CONT'D.)

Usage charges for mileage sensitive services vary based on the type of service subscribed to by the Customer. For services utilizing switched access, mileage measurements for rate schedules are based on the distance in airline miles between rate centers associated with the originating and terminating stations. For services utilizing dedicated access, mileage measurements for rate schedules are based on the distance in airline miles between the NAI network access point associated with the station utilizing Dedicated Access Origination/Termination and the rate center associated with the called/calling station.

The distance between the originating and terminating points is calculated by using the "V" and "H" coordinates of the serving wire centers as defined by BellCore (Bell Communications Research), in the following manner:

- Step 1: Obtain the "V" and "H" coordinates for the serving wire center or network access point serving the Customer's location and the called/calling station.
- Step 2: Obtain the difference between the "V" coordinates. Obtain the difference between the "H" coordinates.
- Step 3: Square the differences obtained in Step 2.
- Step 4: Add the squares of the "V" difference and "H" difference obtained in Step 3.
- Step 5: Divide the sum of the square obtained in Step 4 by ten (10). Round to the next higher whole number if any fraction results from the division.
- Step 6: Obtain the square root of the whole number obtained in Step 5. Round to the next higher whole number if any fraction is obtained. This is the distance between the originating and terminating locations of the call.

Formula:

$$\sqrt{\frac{(V_1 - V_2)^2 + (H_1 - H_2)^2}{10}}$$

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

COMMON CARRIER SERVICE

SECTION 3 - DESCRIPTION OF SERVICE AND RATES, (CONT'D.)

3.3 Service Offerings

3.3.1 Message Toll Service

Message Toll Service is available to Customers within the State of Arizona. Calls are billed in eighteen (18) seconds. No monthly fees or nonrecurring charges apply and no minimum commitments are required. Calls are billed individually and rated by time of day, duration, and day of week.

The following rates are applicable for all Message Toll Service calls for all days of the week.

Rates:

	<u>Initial 18 Seconds Or Fraction thereof</u>		<u>Each Add'l 6 Seconds Or Fraction thereof</u>	
	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
Day	\$0.0348	\$0.1044	\$0.0116	\$0.0348
Evening	0.0312	0.0936	0.0104	0.0312
Night/Wknd	0.0312	0.0936	0.0104	0.0312

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

COMMON CARRIER SERVICE

SECTION 3 - DESCRIPTION OF SERVICE AND RATES, (CONT'D.)

3.3 Service Offerings, (Cont'd.)

3.3.2 One Bill MTS Service

One Bill MTS Service is a LEC billed product available to small and medium sized business Customers within the State of Arizona. Calls are billed in one (1) minute increments with a minimum call duration of one (1) minute. No minimum commitments are required. Calls are billed individually and rated by time of day, duration, and day of week.

Rates:

	<u>Initial 18 Seconds Or Fraction thereof</u>		<u>Each Add'l 6 Seconds Or Fraction thereof</u>	
	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>
Day	\$0.1160	\$0.3480	\$0.1160	\$0.3480
Evening	0.1040	0.3360	0.1040	0.3360
Night/Wknd	0.1040	0.3360	0.1040	0.3360
			<u>Minimum</u>	<u>Maximum</u>
Monthly Recurring Charge			\$2.50	\$7.50

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

COMMON CARRIER SERVICE

SECTION 3 - DESCRIPTION OF SERVICE AND RATES, (CONT'D.)

3.3 Service Offerings, (Cont'd.)

3.3.3 Travel Card Service

Travel Card Service offers NAI customers the ability to place calls while away from the home or office using a special access code and personal identification number.

	<u>Minimum</u>	<u>Maximum</u>
Per Call Charge	\$0.15	\$0.45

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

COMMON CARRIER SERVICE

SECTION 3 - DESCRIPTION OF SERVICE AND RATES, (CONT'D.)

3.3 Service Offerings, (Cont'd)

3.3.4 Directory Assistance

Directory Assistance is available to Customers of NAI. A Directory Assistance charge applies to each call to the Directory Assistance Bureau. Up to two (2) requests may be made on each call to Directory Assistance. The Directory Assistance charge applies to each call regardless of whether the Directory Assistance Bureau is able to furnish the requested telephone number.

	<u>Minimum</u>	<u>Maximum</u>
Per Call Charge	\$0.3750	\$1.12

3.3.5 Late Payment Charge

A late fee of 1.5% per month will be charged on any past due balance.

3.3.6 Return Check Charge

A return check charge will be assessed for checks returned for insufficient funds. Any applicable return check charges will be assessed according to the terms and conditions of the billing entity (i.e., local exchange company and/or commercial credit card company) and pursuant to Connecticut law and regulations.

	<u>Minimum</u>	<u>Maximum</u>
Return Check Charge:	\$10.00	\$30.00

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

COMMON CARRIER SERVICE

SECTION 4 - PROMOTIONS

4.1 Promotional Offerings

The Company from time to time may engage in special promotional trial service offerings of limited duration, not to exceed ninety (90) days, designed to attract new subscribers or to increase subscriber awareness of a particular service offering. Such promotional offerings will be limited to specific dates, times, and locations. Except for the rates charged under such promotions, all other terms and conditions of service contained in this tariff will apply to NAI's promotional service offerings. The AZ C.C. will be notified thirty (30) days prior to the start of any promotional offering.

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

COMMON CARRIER SERVICE

SECTION 5 - CURRENT RATES

3.3.1 Message Toll Service

Rates:

	<u>Initial 18 Seconds Or Fraction thereof</u>	<u>Each Add'l 6 Seconds Or Fraction thereof</u>
Day	\$0.0696	\$0.0232
Evening	0.0624	0.0208
Night/Wknd	0.0624	0.0208

3.3.2 Travel Card Service

Per Call Charge: \$0.30

3.3.3 One Bill MTS Service

	<u>Initial Minute or Fraction</u>	<u>Each Add'l Minute or Fraction</u>
Day	\$.2320	\$.2320
Evening	.2080	.2080
Night/Weekend	.2080	.2080
Monthly Recurring Charge		\$5.00

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

COMMON CARRIER SERVICE

SECTION 5 - CURRENT RATES, (CONT'D.)

3.3.4 **Directory Assistance**

Per Call Charge \$0.75

3.3.5 **Late Payment Charge**

A late fee of 1.5% per month will be charged on any past due balance.

3.3.6 **Return Check Charge**

Return Fee: \$20.00

Issued:

Effective:

Issued by: Neil W. Lang, President
National Accounts Inc.
119 Cherry Hill Road
Parsippany, New Jersey 07054

ATTACHMENT C

National Accounts Inc.

**TECHNICAL INFORMATION AND
NETWORK DIAGRAM**

Network Diagram

National Accounts Inc. intends to operate as a telecommunications reseller in Arizona. The method of call routing is as follows:

1. Calls originate over local exchange access facilities (switched or dedicated) to a point-of-presence of National Accounts Inc.'s underlying carrier.
2. For direct dialed and inbound 800 services, National Accounts Inc. operates as a switchless reseller. The underlying carriers performs all call switching and transmission, and terminates the call to the destination telephone station. The underlying carrier provides call detail information to National Accounts Inc. so that National Accounts Inc. may rate and bill the call.
3. National Accounts Inc. will operate throughout the state of Arizona using resold facilities of other carriers. Currently the company utilizes A T & T as it underlying carrier.

ATTACHMENT D

National Accounts Inc.

FINANCIAL INFORMATION

National Accounts Inc. has ample financial resources to operate as a telecommunications reseller. In support of its financial ability to provide service, please see the attached financial information.



NATIONAL ACCOUNTS, INC.

**Financial Statements for the
Year Ended December 31, 1995 and
Independent Auditors' Report**

Deloitte & Touche LLP



Two Hilton Court
P.O. Box 319
Parsippany, New Jersey 07054-0319

Telephone: (201) 631-7000
Facsimile: (201) 631-7459

INDEPENDENT AUDITORS' REPORT

Board of Directors
National Accounts, Inc.
Parsippany, New Jersey

We have audited the accompanying balance sheet of National Accounts, Inc. as of December 31, 1995, and the related statements of income and retained earnings and of cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 1995 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Deloitte & Touche LLP

March 12, 1996

NATIONAL ACCOUNTS, INC.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1995:	
Balance Sheet	2
Statement of Income and Retained Earnings	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9

NATIONAL ACCOUNTS, INC.

BALANCE SHEET DECEMBER 31, 1995

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 107,391
Investments in marketable securities	418,741
Customer accounts receivable (less allowance for doubtful accounts of \$400,000)	5,818,873
Investment held for sale	215,642
Other current assets	<u>33,484</u>

Total current assets 6,594,131

FIXED ASSETS - Net 540,025

OTHER ASSETS:

Other receivables	38,200
Security deposits	<u>88,113</u>

Total other assets 126,313

TOTAL ASSETS \$7,260,469

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Bank debt payable	\$1,350,742
Bank acceptances payable	189,386
Accounts payable	3,394,917
Accrued expenses	94,382
Accrued excise and sales taxes payable	<u>154,802</u>

Total current liabilities 5,184,229

STOCKHOLDERS' EQUITY

Common stock - no par value, 100 shares authorized 10 shares issued and outstanding	1,000
Contributed capital	230,993
Retained earnings	<u>1,844,247</u>

Stockholders' equity 2,076,240

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$7,260,469

See notes to financial statements.

NATIONAL ACCOUNTS, INC.

STATEMENT OF INCOME AND RETAINED EARNINGS YEAR ENDED DECEMBER 31, 1995

REVENUES - Net	<u>\$33,952,952</u>
COST OF SERVICES:	
Telephone time	19,519,446
Billing service	<u>1,588,962</u>
Total cost of services	<u>21,108,408</u>
Gross profit	<u>12,844,544</u>
EXPENSES:	
Officers' compensation	338,235
Selling and administrative	7,477,994
Depreciation	61,446
Interest	<u>302,781</u>
Total expenses	<u>8,180,456</u>
INCOME FROM OPERATIONS	4,664,088
OTHER EXPENSES - Net	(497,716)
MINORITY INTEREST IN PARTNERSHIP LOSS	<u>53,481</u>
NET INCOME	4,219,853
RETAINED EARNINGS, BEGINNING OF YEAR	31,232
DISTRIBUTIONS TO SHAREHOLDERS	<u>(2,406,838)</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 1,844,247</u>

See notes to financial statements.

NATIONAL ACCOUNTS, INC.

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 1995

OPERATING ACTIVITIES:

Net income	<u>\$ 4,219,853</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	61,446
Interest accretion on marketable securities	(43,000)
Unrealized loss on purchase of partnership interest	250,000
Minority interest in partnership loss	(53,481)
Changes in assets and liabilities:	
Accounts receivable	(1,461,051)
Loans receivable	9,953
Security deposits	(74,248)
Accounts payable	(344,151)
Accrued expenses	63,682
Accrued excise and sales taxes	(122,872)
Other, net	<u>(46,319)</u>
Total adjustments	<u>(1,760,041)</u>
Net cash provided by operating activities	<u>2,459,812</u>

INVESTING ACTIVITIES:

Proceeds from sale of marketable securities	674,996
Acquisition of fixed assets	(539,339)
Purchase of interest in partnership, net of cash acquired of \$22,300	(227,700)
Purchases of marketable securities	<u>(58,188)</u>
Net cash used in investing activities	<u>(150,231)</u>

FINANCING ACTIVITIES:

Net payments on note payable	(1,502,144)
Net proceeds from bank debt	1,350,742
Bank acceptances payable	189,386
Distributions to shareholders	<u>(2,273,558)</u>
Net cash used in financing activities	<u>(2,235,574)</u>

NET INCREASE IN CASH

74,007

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

33,384

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 107,391

SUPPLEMENTAL DISCLOSURES:

Interest paid	<u>\$ 302,781</u>
---------------	-------------------

See notes to financial statements.

NATIONAL ACCOUNTS, INC.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1995

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. *Nature of Business* - The principal business of National Accounts, Inc. (the "Company") is to market, resell and administer long distance telephone service to commercial customers based solely in the United States of America. The Company has negotiated established costs for access rights and privileges for the use of an independent company's infrastructure and equipment in providing services to its customers. The Company also receives billing services from this telecommunications company.

The Company provides credit in the normal course of business to customers throughout the United States. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information. Based on an assessment of its customers' credit history, the geographic dispersity of the domestic customer base, and the related outstanding accounts receivable balances, the Company does not believe that its exposure from a concentration of credit risk is significant.

- b. *Basis of Presentation* - The accounts are maintained on an accrual basis of accounting. Intercompany transactions and balances with the Company's previously owned 50% partnership (see Note 2) have been eliminated.
- c. *Use of Estimates in the Preparation of Financial Statements* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- d. *Revenue Recognition* - The Company recognizes revenues in the period in which telephone services are provided.
- e. *Income Taxes* - Effective November 1, 1994, the Company received approval from the Internal Revenue Service to operate as an "S" Corporation. Under this election, taxable income or losses generated by an entity are passed through to the stockholders for federal purposes and certain states (see Note 6).
- f. *Cash and Cash Equivalents* - The Company considers all liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Management estimates that based on an assessment of market conditions, the fair value of these assets approximated the carrying value at December 31, 1995.

- g. *Investments* - The carrying value of investments in marketable debt securities is cost, adjusted for any unamortized premium or discount. Such investments at December 31, 1995 consist of United States Government Treasury Bills with maturity dates in 1996. The carrying value of these investments of \$418,741 approximated market value at December 31, 1995.

In addition, the Company owned investment real estate properties with carrying values of \$690,642 at December 31, 1995. In 1995, the Company approved a plan to sell one of these properties. Accordingly, this investment has been classified as an "Investment held for sale" in the accompanying balance sheet. Management is of the opinion that the ultimate sales price (less incremental disposal costs) will be sufficient to liquidate the carrying value of the investment (\$215,642 at December 31, 1995). In addition, during 1995 the Company purchased real estate residential property in the amount of \$475,000 for investment purposes.

- h. *Non-Cash Investing and Financing Transactions* - During 1995, the Company's stockholders' equity was increased due to the assumption of certain liabilities by stockholders (see note 6). In addition, the Company distributed, in the form of a dividend, the balances of advances made to shareholders (at historical cost) outstanding at December 31, 1995.
- i. *Depreciation* - The Company's equipment and furniture and fixtures are depreciated using accelerated methods over the useful lives of the assets, generally 5 to 7 years.

2. PURCHASE OF PARTNERSHIP INTEREST

Through October 31, 1995, the Company had a 50% interest in an unconsolidated partnership which provided telemarketing services for the resale of long distance telephone service, and was accounted for using the equity method. On November 1, 1995 the Company purchased the 50% interest of its partner for approximately \$250,000 in cash (the "Purchase"). As a result, the Company assumed full control of the liquidated partnership and the partnership's assets and liabilities were included with those of the Company. The partnership's results of operations for the year ended December 31, 1995 have been included with the Company's 1995 results of operations (as if the Purchase occurred as of January 1, 1995), and the portion of the 1995 loss allocable to the Company's former partner is reflected in "minority interest in partnership loss" in the accompanying statement of income and retained earnings.

Based upon an analysis of historical operating losses, the fact that substantially all of its business was conducted on behalf of the Company, the early stages of the partnership's business and uncertainties on the recoverability of any goodwill or intangible asset (if recorded), the Company did not assign any value to the excess of the purchase price over the partnership's net assets at the date of the Purchase. Accordingly, the Company has charged the purchase price of \$250,000 to "other expenses, net" in the 1995 statement of income and retained earnings.

The partnership's results of operations for the year ended December 31, 1995 were as follows

Revenue (principally commissions from the Company)	<u>\$ 718,000</u>
Operating Expenses (principally selling and administrative)	1,007,000
Charge related to Purchase	<u>250,000</u>
Total expenses	<u>1,257,000</u>
Net loss	<u>\$ 539,000</u>

3. FIXED ASSETS

Fixed assets at December 31, 1995 are comprised of the following:

Land	\$ 475,000
Computer equipment	40,989
Furniture, fixtures and office equipment	<u>138,912</u>
	654,901
Less accumulated depreciation	<u>114,876</u>
	<u>\$ 540,025</u>

4. BORROWING FACILITIES

Note Payable - The Company had a factoring agreement evidenced by a short-term note to borrow funds, the amount of which was limited to outstanding current receivables, as defined. The note was collateralized by a secured interest in certain of the Company's accounts receivable balances and personal guarantees of the stockholders. The interest rate charged was seven and one half percent over prime with a minimum of 15% per annum. Interest expense on this agreement was \$269,869 for the year ended December 31, 1995. Borrowings under this arrangement were fully paid in 1995 with the proceeds received from a short term bank debt agreement.

Bank Debt - In November 1995, the Company entered into a short-term debt agreement with a third party banking institution. This agreement currently allows the Company to borrow up to the lesser of (1) \$3,500,000 or (2) 80% of qualified receivables as determined by the bank. Outstanding borrowings (\$1,350,742 at December 31, 1995) under this agreement are collateralized by substantially all of the Company's assets and are payable no later than September 30, 1996. The agreement requires the Company to comply with certain operating and financial covenants; if an event of default (as defined) occurs, outstanding borrowings become immediately due and payable. In addition, the agreement also requires the approval of the bank in the event that a declaration of dividends causes the Company's stockholders' equity to fall below prescribed levels. The Company is obligated to comply with or maintain the following financial amounts or ratios:

Debt to Tangible Net Worth, as defined - 2.5 to 1

Tangible Net Worth, as defined - Through June 29, 1996 - \$2,000,000; \$2,500,000 thereafter

Net Income - \$2,000,000 for a fiscal year

For the year ended December 31, 1995, the Company was in compliance with applicable financial and operating covenants, as amended, and expects to be in compliance through December 31, 1996.

The interest rate charged is 1% over the prime rate (9.5% at December 31, 1995). Interest expense for the year ended December 31, 1995 was \$32,912. Based on an assessment of market conditions and the short term maturity of the borrowings, management believes that the fair value of such indebtedness approximates the carrying value at December 31, 1995.

5. DEPENDENCE ON SERVICE PROVIDER

The Company has executed an agreement with a major telecommunications company ("TelCo"), whereby TelCo will allow the Company to provide service to customers using its infrastructure and equipment. Accordingly, substantially all of the Company's revenues are earned through the use of these contractual access rights. Under this agreement, TelCo provides network maintenance, access to telephone switches and billing services. The agreement expires in March 1999.

In June 1995, the Company executed an agreement with another major telecommunications company to provide similar long distance services. This agreement allows the Company rights similar to those embodied in the TelCo agreement. The term of the agreement expires in April 1997. The related revenues for the year ended December 31, 1995 were approximately \$183,000.

A loss of such access rights and related services could have an adverse effect on the Company's prospective results of operations.

6. RELATED PARTY TRANSACTIONS

The Company utilizes the services of an entity, that is owned by the Company's stockholders, in soliciting payments from delinquent customers. Fees expensed by the Company (generally determined at 33 and 1/3% of amounts collected) were \$127,813 for the year ended December 31, 1995. The related account payable balance was \$35,437.

During 1995, the Company's stockholders agreed to assume an accrued liability (established in previous periods) and indemnify the Company for future liabilities. With the assumption of such indebtedness by stockholders, the Company's contributed capital was increased by approximately \$231,000, which represents the amount of the reversal of the liability.

During 1995, the Company sold certain fixed assets to a stockholder. The value ascribed to the sale, \$11,000, approximated the net book value of the sold assets.

7. COMMITMENTS AND CONTINGENCIES

Contractual terms with service providers require that a minimum level of telephone service revenue be generated by the Company's customers within a specific period. In the event that the minimum levels of revenue are not generated, the Company is obligated to fund the deficiency. At December 31, 1995, such minimum revenue requirements have been met.

The Company leases its New Jersey office under a five-year noncancelable operating lease expiring in 1998. The agreement provides for minimum lease payments and other executory costs. The lease contains a renewal option for five additional years. Two offices in Alabama are leased for one year with a one-year renewal option.

The Company leases three automobiles under noncancelable operating leases which expire in June 1997. In addition, the Company is obligated under noncancelable operating leases for equipment which expire within 5 years.

The following is a schedule of future minimum lease payments required under various leases:

**Year Ending
December 31,**

1996	\$ 244,700
1997	200,600
1998	109,000
1999	43,000
2000	<u>16,600</u>
Total minimum lease payments	<u>\$613,900</u>

Minimum lease payments in this schedule exclude executory costs and rentals under renewal options, which as of December 31, 1995, were not reasonably assured of being exercised.

Rent expense for all operating leases for the year ended December 31, 1995 was \$128,185.

In 1995, the Company was named as a defendant in an administrative litigation matter before the Federal Communications Commission asserted by TelCo, alleging certain improper acts under the agreement. In an agreement dated February 12, 1996, the Company and TelCo settled the claim. The settlement amount has been recorded in the accompanying December 31, 1995 balance sheet. The settlement did not have a material effect on the Company's financial condition, results of operations, or cash flows.

* * * * *

ATTACHMENT E

National Accounts Inc.

CURRENTLY APPROVED STATE LISTING

National Accounts Inc. is currently approved to provide service in all states.